


Opinions

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Resource Mobilization for the GCF: the Challenges ahead



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The Green Climate Fund's Secretariat has recently held its opening ceremony on December 3, 2013, thus officially marking the beginnings of its operations. Since the UNFCCC COP16 reached an agreement on launching the GCF in 2010, meaningful progress has been made toward the establishment of the GCF, beginning with the first board meeting held in August 2012. At the most recent meeting held in Paris, the Board agreed to develop a work plan toward the initial resource mobilization of the fund. That is, the Board resolved to begin mobilizing initial resources for the fund within three months after it adopted the arrangements to enable it to receive and manage funds.

The initial resources for the GCF will mostly consist of budg-

et transfers from the governments of developed countries. Although these countries will need to find new and additional resources to contribute to the GCF, especially in considerations of long-term financing, initial resources will mostly be secured by reallocating the limited, existing pool in the short run. Although climate change is an urgent issue that requires immediate and concerted efforts to be managed worldwide, developed countries will find it difficult to support the initiative, at least for the time being, given the present state of global economy. A pressing task facing the GCF now is to develop an effective business model that can induce and maximize contributions from developed countries.

Each contributor will divide its limited resources between those to be delivered via bilateral channels and those to be delivered via multilateral channels. These multilateral channels will again be divided into the GCF, the Clean Investment Fund (CIF), the Global Environment Facility (GEF), and other climate-related funds. In order to lead contributors to increase their contributions to the GCF of all the multilateral channels, it is crucial to identify the factors of contribution and develop a differentiation strategy to induce developed countries to prioritize the GCF above other climate-related funds. The most appealing aspect of the GCF, at present, is that the details of its administration are yet to be decided. In other words, it is important to play up the malleability of the GCF operational structure, while stressing the comparatively greater difficulty other existing funds have in responding to new developments due to institutional inertia.

There are two preconditions to be met before fully exerting country ownership, a core principle of the GCF, to its funding advantage. First, the GCF's resources should be used in an effective and recipient-driven manner. This will require that greater resources be assigned to helping recipients build their capacities, as well as rational performance indicators and other schemes for evaluation and follow-up be developed. Second, private-sector participation should be encouraged. While increasing private-sector participation is a trend in debates concerning most international organizations today, it is especially important to make the GCF seen as a key link for mobilizing resources in a reliable and expedited manner, capable of solving agency problem between developed/developing countries and their publics. 